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BEFORE THE ARIZONA CORPORATION COMMISSION

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COST-EFFECTIVENESS REVIEW OF  
MEASURES PROPOSED IN SOUTHWEST  
GAS CORPORATION'S ENERGY  
EFFICIENCY AND RENEWABLE ENERGY  
TECHNOLOGY IMPLEMENTATION PLAN.

Docket No. G-01551A-13-0170

**RUCO'S COMMENTS IN RESPONSE TO STAFF'S MEMORANDUM**

The Residential Utility Consumer Office ("RUCO") submits the following comments in response to Staff's May 30, 2014, memorandum regarding the Cost-Effectiveness Review Of Measures Proposed In Southwest Gas Corporation's ("Company") Energy Efficiency and Renewable Energy Technology Implementation Plan.

RUCO is concerned about the lack of support for measures that have been found to be cost effective but were recently canceled in Decision No. 74300. Not supporting these measures limits the savings residential ratepayers will realize from energy efficiency (EE) and could restrict the ability of EE programs to respond to the changing needs of residential ratepayers, the market, and geographic areas.

RUCO recommends that the Commission enhance the plan's flexibility. Specifically, RUCO recommends that the Commission:

1       **1) Approve the measures identified to be cost-effective in the Company's filing.**

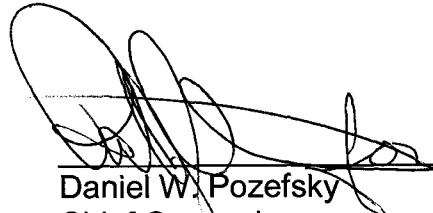
2       Decision No. 74300 canceled programs due to an incomplete data set that gave the  
3       illusion of a mass failing of cost effectiveness. Now with more data, Staff was able to  
4       review these measures and find that many of them are indeed cost effective. In fact,  
5       several were found to have very high cost-benefit ratios. RUCO hopes that the  
6       Commission will now allow the Company to offer ratepayers these cost effective  
7       measures. This is especially relevant to the Company's Commercial Rebates program  
8       which had several very high scoring measures.

9       **2) Approve a reasonable budget to support the implementation of these cost**  
10       **effective measures.** Southwest Gas' underlying application for approval of its Plan

11       Years 3 and 4 EE and RET Plan sought annual budgets of \$7.5 million for Plan Year 3  
12       and \$6 million for Plan Year 4. However, in Decision No. 74300 the Commission  
13       canceled several programs and only allowed a \$4.7 million budget. RUCO views this as  
14       unfairly "hamstringing" the Company from meeting their energy efficiency goals.  
15       Therefore, RUCO recommends that the Commission provide Southwest Gas with a  
16       reasonable budget to get the company back on track.

17  
18       In sum, RUCO would like to stress the fact that Staff's Report confirms the overall cost-  
19       effectiveness of measures that were canceled prematurely in Decision No. 74300. Cost  
20       effective programs and measures should be made available to customers. In this spirit,  
21       RUCO asks the Commission to not only approve these measure and programs for use but  
22       to also provide a reasonable budget to support their dissemination. Finally, RUCO supports  
23       Southwest Gas in the utilization of the source-site ratio multiplier to accurately capture  
24       energy savings.

1 RESPECTFULLY SUBMITTED this 19<sup>th</sup> day of June, 2014.

2  
3  
4   
5 Daniel W. Pozefsky  
6 Chief Counsel

7 AN ORIGINAL AND THIRTEEN COPIES  
8 of the foregoing filed this 19<sup>th</sup> day  
9 of June, 2014 with:

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11 Arizona Corporation Commission  
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13 Phoenix, Arizona 85007

14 COPIES of the foregoing hand delivered/  
15 mailed this 19<sup>th</sup> day of June, 2014 to:

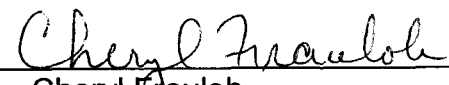
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